Harrisburg Parking Authority

Financial Statements and
Required Supplementary Information

Years Ended December 31, 2012 and 2011 with
Independent Auditor's Report

HARRISBURG PARKING AUTHORITY

YEARS ENDED DECEMBER 31, 2012 AND 2011

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Independent Auditor's Report

Board of Directors
Harrisburg Parking Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Harrisburg Parking Authority (Authority), a component unit of the City of Harrisburg, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the historical other post-employment benefits information on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The Calculation of Payments to Coordinated Parking Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Maher Duessel

Harrisburg, Pennsylvania
May 14, 2013

HARRISBURG PARKING AUTHORITY

BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	$ 3,685,680	$ 3,517,973
Receivables - trade	1,004,950	894,699
Prepaid expenses	141,612	147,867
Total current assets	4,832,242	4,560,539
Restricted assets:		
Cash and cash equivalents	12	12
Investments	12,662,743	14,127,559
Total restricted assets	12,662,755	14,127,571
Noncurrent assets:		
Capital assets not being depreciated	9,682,936	7,425,702
Capital assets (net of accumulated depreciation of $43,914,404 and $40,506,457)	45,739,990	48,716,259
Prepaid lease payment to City of Harrisburg	7,400,000	7,400,000
Equitable ownership interest (net of amortization of $1,120,040 and $560,020)	12,880,460	13,440,480
Bond issuance costs (net of amortization of $2,574,632 and $2,241,342)	3,308,172	3,641,303
Management and operating rights (net of amortization of $1,454,688 and $1,335,938)	1,395,312	1,514,062
Total noncurrent assets	80,406,870	82,137,806
Total Assets	$ 97,901,867	$ 100,825,916

The accompanying notes are an integral part of these financial statements.

Liabilities and Net Position	2012	2011
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,082,278	$ 2,094,059
Due to Coordinated Parking Fund	973,705	1,167,065
Unearned parking revenue	359,958	665,696
Current portion of bonds and notes payable	3,805,000	3,665,000
Total current liabilities	7,220,941	7,591,820
Current liabilities payable from restricted assets:		
Accrued interest payable on bonds	1,418,400	1,533,229
Total current liabilities payable from restricted assets	1,418,400	1,533,229
Long-term liabilities:		
Bonds and notes payable, net of current portion	101,251,531	104,726,109
Unearned revenue	129,082	165,115
Net other post-employment liability	717,752	540,541
Total long-term liabilities	102,098,365	105,431,765
Total Liabilities	110,737,706	114,556,814
Net Position:		
Net investment in capital assets	(14,316,385)	(14,787,963)
Unrestricted	1,480,546	1,057,065
Total Net Position	(12,835,839)	(13,730,898)
Total Liabilities and Net Position	$ 97,901,867	$ 100,825,916

HARRISBURG PARKING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Operating Revenues:		
Public parking	$ 11,976,968	$ 12,722,495
State parking	1,442,684	1,392,611
Office rent	73,951	67,029
Other	152,125	140,763
Total operating revenues	13,645,728	14,322,898
Operating Expenses:		
Salaries and fringe benefits	3,241,054	3,107,047
Repairs, maintenance, and supplies	688,920	570,529
Professional services	832,536	728,424
Depreciation and amortization	3,967,859	3,977,939
Insurance	202,120	195,115
Utilities	504,753	564,636
Real estate taxes	57,000	56,622
Rental	20,800	20,800
Other	213,026	208,140
Total operating expenses	9,728,068	9,429,252
Operating Income	3,917,660	4,893,646
Nonoperating Revenue (Expenses):		
Grant income	-	14,700
Investment income	376,639	269,718
Settlement award	252,239	375,900
Interest expense	(5,759,539)	(5,353,712)
Transfer from the Coordinated Parking Fund	6,145,815	3,664,867
Transfer to the Coordinated Parking Fund	(113,822)	(82,670)
Required payments under cooperation agreement for downtown parking system to the Coordinated Parking Fund	(3,923,933)	(5,351,951)
Total nonoperating expenses, net	(3,022,601)	(6,463,148)
Change in Net Position	895,059	(1,569,502)
Net Position:		
Beginning	(13,730,898)	(12,161,396)
Ending	$(12,835,839)	$(13,730,898)

The accompanying notes are an integral part of these financial statements.

HARRISBURG PARKING AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities:		
Received from user charges	$ 13,046,379	$ 15,589,463
Payments to employees for services	(3,063,843)	(2,929,834)
Payments to suppliers for goods and services	(2,631,814)	(9,107,404)
Net cash provided by operating activities	7,350,722	3,552,225
Cash Flows From Noncapital Financing Activities:		
Proceeds from the issuance of parking revenue bonds	-	7,400,000
Interest paid on parking revenue bonds	(1,014,308)	-
Net cash provided by (used in) noncapital financing activities	(1,014,308)	7,400,000
Cash Flows From Capital and Related Financing Activities:		
Grant income	-	14,700
Proceeds from the issuance of parking revenue bonds	-	3,032,100
Interest paid on parking revenue bonds	(4,196,348)	(4,335,220)
Principal paid on parking revenue bonds	(3,665,000)	(3,525,000)
Cash payments to Coordinated Parking Fund	(4,037,755)	(5,434,621)
Cash payments from Coordinated Parking Fund	6,145,815	3,664,867
Acquisition and construction of capital assets	(2,373,211)	(357,434)
Cash paid for bond issuance costs	-	(431,541)
Net cash used in capital and related financing activities	(8,126,499)	(7,372,149)
Cash Flows From Investing Activities:		
Investment income	158,237	145,922
Settlement award	252,239	375,900
Purchases of investment securities	(8,948,000)	(12,046,439)
Proceeds from sale and maturities of investment securities	10,495,316	8,946,000
Net cash provided by (used in) investing activities	1,957,792	(2,578,617)
Net Increase in Cash and Cash Equivalents	167,707	1,001,459
Cash and Cash Equivalents:		
Beginning	3,517,985	2,516,526
Ending	$ 3,685,692	$ 3,517,985

HARRISBURG PARKING AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 3,917,660	$ 4,893,646
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,967,859	3,977,939
Amortization	118,750	118,750
Changes in operating assets and liabilities:		
Receivables:		
Trade	(110,251)	62,743
Coordinated Parking Fund	(183,360)	1,140,019
Prepaid expenses	(3,745)	(25,808)
Prepaid lease payment to City of Harrisburg	-	(7,400,000)
Accounts payable and accrued expenses	(227,664)	543,920
Unearned parking revenue	(305,738)	63,803
Net other post-employment liability	177,211	177,213
Net cash provided by operating activities	$ 7,350,722	$ 3,552,225

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description

The Harrisburg Parking Authority (HPA) was incorporated in 1972 under the Pennsylvania Parking Authority Law of 1947. HPA is an agency and instrumentality of the City of Harrisburg (City), Pennsylvania, which owns and operates parking facilities in the City. For financial statement purposes, HPA is a component unit (single enterprise fund) of the City and is thus included in the City's annual financial statement.

The five-member board of HPA is appointed by the Mayor and members of the Board can be removed from the Board at will. The City may receive the benefit of excess parking revenues through a Cooperation Agreement with HPA and the City has guaranteed a majority of HPA's outstanding debt.

B. Reporting Entity

For financial reporting purposes, HPA includes those operations that are generally controlled by or dependent on HPA. Controlled by or dependent on HPA is determined on the basis of such factors as budget adoption, outstanding debt secured by revenues of HPA, obligations of HPA to finance any deficit that may occur, or receipt of significant subsidies from HPA.

The City, Harrisburg Redevelopment Authority (HRA), Harristown Development Corporation, HPA, the Mayor of Harrisburg, and Harrisburg City Council entered into a Cooperation Agreement for a Downtown Coordinated Parking System (Cooperation Agreement). In accordance with the Cooperation Agreement, HPA established the Coordinated Parking Fund (Fund). Under terms of the Cooperation Agreement, HPA manages and operates a coordinated parking system and is required to deposit the net operating revenues, as defined, from the operations of the components of the coordinated parking system into the Fund. Since HPA does not exercise control over the Fund, financial information for the Fund is reported in separate financial statements and is excluded from HPA's reporting entity.

C. Basis of Presentation

HPA's operations are funded through user charges. Therefore, HPA is presented as an enterprise fund, a proprietary fund type, using the economic resources measurement focus. An enterprise fund is used to account for operations where the costs of providing services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of HPA are charges for parking. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Basis of Accounting

The accrual basis of accounting is utilized by HPA. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

The accounting and financial reporting treatment applied to HPA is determined by its measurement focus. The transactions of HPA are accounted for on a flow of economic resources measurement focus; all assets and all liabilities associated with the operations are included on the balance sheets. Net position (i.e., total assets, net of total liabilities) is segregated into "Net investment in capital assets" and "Unrestricted" components.

E. Cash Equivalents

For purposes of the statements of cash flows, HPA considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. Restricted Assets

Assets required to be segregated by bond indentures or contractual obligations are identified as restricted assets. Restricted assets at December 31, 2012 and 2011 represent monies required to be restricted under the terms of bond indentures related to the Series J, K, N, O, P, R, T, and U Series Parking Revenue Bonds.

G. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are classified as prepaid expenses when made and expensed in future periods. The prepaid lease payment to the City will be expensed monthly from March 2, 2016 to March 1, 2026 in accordance with the amended lease agreement.

I. Capital Assets

Capital assets in service and construction in progress are stated on the basis of cost. Capital assets are defined by HPA as assets with an initial, individual cost of $10,000 for land, buildings, and related improvements, or $1,000 for furniture and equipment purposes, and an estimated useful life in excess of three years. Maintenance and repairs, which do not significantly extend the value or life of capital assets, are expensed as incurred.

Depreciation expense is computed using the straight-line method over the estimated useful asset lives ranging from three to thirty years. Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest costs incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. Bond Issuance Costs

Bond issuance costs are carried at cost, net of accumulated amortization, and are amortized over the outstanding terms of the associated bond issues using the bonds-outstanding method, which approximates the effective interest method.

K. Pooled Cash and Investments

HPA maintains a separate operating account for each component of the coordinated parking system and for the Fund, as mentioned in Note 2. Amounts deposited into these accounts are combined into one account for investment by HPA, as mentioned in Note 3. Interest earned from the investment account is allocated to the operating accounts based on the monthly investment balance.

L. Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following components: net investment in capital assets and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets;

debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Unrestricted consists of all other net position not included in the above categories.

M. Restricted Resources

When both restricted and unrestricted resources are available for use, it is HPA's policy to use restricted resources first, then unrestricted resources as they are needed.

N. Risk Management

HPA is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages in 2012 or 2011. Settlement amounts have not exceeded insurance coverages for the current year or three prior years.

O. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

P. Pending Changes in Accounting Principles

Governmental Accounting Standards Board (GASB) Statement No. 65, *"Items Previously Reported as Assets and Liabilities."* The objective of this statement is to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this Statement are effective for HPA's December 31, 2013 financial statements.

GASB Statements No. 67 and 68, *"Financial Reporting for Pension Plans,"* and *"Accounting and Financial Reporting for Pensions."* These Statements revise and establish reporting requirements for most governments that provide their employees with pension benefits. The provisions of these Statements are effective for HPA's December 31, 2014 and 2015 financial statements.

GASB Statement No. 69, *"Government Combinations and Disposals of Government Operations."* The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for HPA's December 31, 2014 financial statements.

The effect of implementation of these Statements has not yet been determined.

2. COOPERATION AGREEMENT

The City, HRA, Harristown Development Corporation, HPA, the Mayor of Harrisburg, and Harrisburg City Council entered into a Cooperation Agreement. In connection with the Cooperation Agreement, HPA issued Parking Revenue Bonds, Series A of 1986 (the Series A Bonds). The Cooperation Agreement has been amended ten times, with the most recent amendment (confusingly titled the Eleventh Amendment) dated September 14, 2011. All of the amendments coincide with a HPA financing transaction.

The Cooperation Agreement established a coordinated parking system that is managed and operated by HPA. The components of the coordinated parking system include ten parking garages owned and operated by HPA (four of the garages are located on land leased by HPA from the City, and one of the garages is equitably owned by HPA), two City-owned lots, the parking meters within the City, and a portion of the parking tax collected by the City. The revenues from each component are placed into separate operational accounts established by the Cooperation Agreement, and the operational costs of each component are paid out of the respective account. Additionally, the Reserve Fund is funded from the operational accounts. The Reserve Fund may be used for replacements or other improvements in any of the HPA garages in accordance with and as identified in HPA's annual budget.

Following the payment of operational expenses and the funding of the Reserve Fund by HPA, several subaccounts are funded for the payment of the debt service for the outstanding bonds. Out of the Walnut, Fifth and Chestnut Street Garages Operating Account, the Replacement Reserve Subaccount is funded to pay the debt service of the Series O Bonds; however, the Replacement Reserve Subaccount may only be funded upon receipt of a certificate from an independent parking consultant confirming that the funds generated or anticipated to be generated by HPA's garages and other parking facilities will meet at least 130% of the debt service requirements of the Series N Bonds. Out of the 2000 Garages/Series I Operating Account, which receives the revenue from the River Street Garage and the City Island Garage, the Series I Subaccount is funded to pay the debt service for the Series J, P and R Bonds; however, the Series I Subaccount may only be funded upon receipt of a certificate from an independent parking consultant confirming that the funds generated or anticipated to be generated by HPA's garages and other parking facilities will meet at least 130% of the debt service requirements of the Series N Bonds and funding requirements of the Replacement Reserve Subaccount. Also, out of the 2000 Garages/Series I Operating Account, the Series K and L Subaccount is funded to pay the debt service for the Series K Bonds; however, the Series K and L Subaccount may only be funded upon receipt of a certificate from an independent parking consultant confirming that the funds generated or anticipated to be generated by HPA's garages and other parking facilities will meet at least 130% of the debt service requirements of the Series N Bonds and the funding requirements of the Replacement Reserve Subaccount and the Series I Subaccount. Out of the Seventh Street Garage Operating Account the Series T Subaccount is funded to pay the debt service for the Series T and Series U Bonds; however the Series T Subaccount may only be funded upon receipt of a certificate from an independent parking consultant confirming that the funds generated or anticipated to be generated by HPA's garages and other parking facilities will meet at least 130% of the debt service requirements of the Series N Bonds and the funding requirements of the Replacement Reserve Subaccount, the Series I Subaccount, and the Series K and L Subaccount.

Following the funding of the aforementioned subaccounts, to the extent possible from their respective operating accounts, all of the net revenue from the coordinated parking system is deposited into the Fund. To the extent that any subaccount is deficient to pay its debt service obligations, such deficiency is cured by funds from the Fund upon receipt of a certificate from an independent parking consultant confirming that the funds generated or anticipated to be generated by HPA's garages and other parking facilities will meet at least 130% of the debt service requirements of the Series N Bonds, and the deficiencies are covered in the following priority: (1) Replacement Reserve Subaccount, (2) Series I Subaccount, (3) Series K and L Subaccount, and (4) Series T Subaccount. The debt service for the Series N Bonds is also paid out of the Fund. When the Fund's balance together with amounts expected to be deposited therein is equal to or greater than 130% of the next debt payment for the Series N Bonds, and all other payments are made pursuant to the Cooperation Agreement (including specifically the funding of the subaccounts), the remaining balance, no less than annually, is to be paid to the City.

During the years ended December 31, 2012 and 2011, a total of $786,168 and $786,128, respectively, was transferred to HPA from the Fund to pay debt service for the Series N Bonds, as provided in the Cooperation Agreement.

During the years ended December 31, 2012 and 2011, a total of $3,442,943 and $2,805,680, respectively, was transferred to HPA from the Fund to cover deficiencies in the Series I Subaccount. A total of $202,653 and $73,059 was transferred to HPA from the Fund to cover deficiencies in the Series K and L Subaccount during the years ended December 31, 2012 and 2011, respectively. A total of $1,714,051 and zero was transferred to HPA from the Fund to cover deficiencies in the Series T Subaccount during the years ended December 31, 2012 and 2011, respectively.

The amounts that are transferred to HPA for debt service and parking projects represent excess funds that may be available for distribution to the City.

3. DEPOSITS AND INVESTMENTS

Deposits

The Parking Authority Law limits HPA to the type of deposits it may make. Allowable deposits include deposits with banks or savings associations that, to the extent not insured, are secured by a pledge of direct obligations of the U.S. Government, Commonwealth of Pennsylvania, or the City having an aggregate market value at least equal to the balance of such deposits.

Custodial credit risk. HPA pools certain of its deposits with the Fund. At December 31, 2012, the pooled account had a book and bank balance of $4,218,732 and $3,640,878, respectively. Of the pooled bank balance, $250,000 was covered by federal depository insurance at December 31, 2012, and $502,629 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly (Act), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits. The remaining $2,888,249 was invested in the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits (INVEST). INVEST issues audited financial statements that are available to the public. The fair value of HPA's and the Fund's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. At December 31, 2012, INVEST carried a AAA rating and had an average weighted maturity of less than one year. At December 31, 2012, HPA's position in the pool was $3,685,692, and the Fund's position in the pool was $533,040.

At December 31, 2011, the pooled account had a book and bank balance of $4,283,126 and $3,916,740, respectively. Of the pooled bank balance, $250,000 was covered by federal depository insurance at December 31, 2011, and $1,346,764 was collateralized under the Act, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits. The remaining $2,319,976 was invested in INVEST. INVEST issues audited financial statements that are available to the public. The fair value of HPA's and the Fund's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. At December 31, 2011, INVEST carried a AAA rating and had an average weighted maturity of less than one year. At

December 31, 2011, HPA's position in the pool was $3,517,985, and the Fund's position in the pool was $765,141.

Investments

The bond indentures related to HPA's parking revenue bonds required the establishment of various funds and accounts. The unexpended amounts in these funds and accounts as of December 31, 2012 and 2011, and the related interest receivable, are restricted for designated purposes under the bond indentures.

Allowable investments as outlined in HPA's internal investment policy include certificates of deposit, repurchase agreements with financial institutions having assets in excess of $500,000,000, direct obligations of the U.S. Government, or as permitted in the individual trust indentures.

The composition of restricted assets at December 31, 2012 and 2011, by fund and account, is as follows:

December 31, 2012			Debt Service Reserve	Total Fair Value
Series K Proceeds:				
Money market funds			$ 1,180,147	$ 1,180,147

		Clearing Fund	Debt Service Reserve Fund	Total Fair Value
Series J Proceeds:				
Commercial Paper		$ -	$ 2,633,165	$ 2,633,165
Money market funds		1	959,539	959,540
		$ 1	$ 3,592,704	$ 3,592,705

	Clearing Fund	Interest and Principal Fund	Debt Service Reserve Fund	
Series N Proceeds:				
Money market funds	$ 12	$ 13	$ 792,022	

			Rebate Fund	Total Fair Value
Series N Proceeds (continued):				
Money market funds			$ 36,281	$ 828,328

	Clearing Fund	Debt Service Reserve Fund	Rebate Fund	Total Fair Value
Series O Proceeds:				
Commercial paper	$ -	$ 1,806,224	$ -	$ 1,806,224
Money market funds	13	34,671	9,665	44,349
	$ 13	$ 1,840,895	$ 9,665	$ 1,850,573

	Debt Service Fund	Debt Service Reserve Fund	Construction Funds	Total Fair Value
Series P Proceeds:				
Money market funds	$ 2	$ 1,663,317	$ 33	$ 1,663,352

	Debt Service Fund	Debt Service Reserve Fund	Construction Fund	Total Fair Value
Series R Proceeds:				
Money market funds	$ 190,000	$ 1,091,988	$ 19	$ 1,282,007

December 31, 2012	Clearing Fund	Debt Service Fund	Debt Service Reserve Fund	Total Fair Value
Series T Proceeds:				
Money market funds	$ 3	$ 352,514	$ 1,418,976	$ 1,771,493
	Clearing Fund	Construction Fund	Settlement Fund	Total Fair Value
Series U Proceeds:				
Money market funds	$ 483,487	$ 10,205	$ 446	$ 494,138

December 31, 2011			Debt Service Reserve Fund	Total Fair Value
Series K Proceeds:				
Money market funds			$ 1,180,000	$ 1,180,000
	Clearing Fund	Debt Service Fund	Debt Service Reserve Fund	Total Fair Value
Series J Proceeds:				
Commercial Paper	$ -	$ -	$ 2,633,707	$ 2,633,707
Money market funds	1	6	602,088	602,095
	$ 1	$ 6	$ 3,235,795	$ 3,235,802
	Clearing Fund	Interest and Principal Fund	Debt Service Reserve Fund	
Series N Proceeds:				
Money market funds	$ 12	$ 13	$ 791,319	
			Rebate Fund	Total Fair Value
Series N Proceeds (continued):				
Money market funds			$ 36,249	$ 827,593

December 31, 2011	Clearing Fund	Debt Service Reserve Fund	Rebate Fund
Series O Proceeds:			
Commercial paper	$ -	$ 1,806,224	$ -
Money market funds	2	35,320	9,657
	$ 2	$ 1,841,544	$ 9,657

	Debt Service Fund	Total Fair Value
Series O Proceeds (continued):		
Commercial paper	$ -	$ 1,806,224
Money market funds	11	44,990
	$ 11	$ 1,851,214

	Debt Service Fund	Debt Service Reserve Fund	Construction Funds
Series P Proceeds:			
Money market funds	$ 3	$ 1,664,156	$ 33

	Clearing Fund	Total Fair Value
Series P Proceeds (continued):		
Money market funds	$ 1,002	$ 1,665,194

	Debt Service Fund	Debt Service Reserve Fund	Construction Fund	Total Fair Value
Series R Proceeds:				
Money market funds	$ 182,500	$ 874,009	$ 19	$ 1,056,528

	Clearing Fund	Debt Service Fund	Debt Service Reserve Fund	Total Fair Value
Series T Proceeds:				
Money market funds	$ 3	$ 340,014	$ 1,418,976	$ 1,758,993

	Construction Fund	Settlement Fund	Total Fair Value
Series U Proceeds:			
Money market funds	$ 1,951,666	$ 600,569	$ 2,552,235

Custodial Credit Risk. Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. HPA does not have an investment policy for custodial credit risk. The securities are held by the counterparty, not in HPA's name.

Concentration of credit risk. HPA places no limit on the amount HPA may invest in any one issuer. More than 5% of HPA's investments were held with the following issuers:

December 31, 2012	Fair Value	Percent of Investments
Restricted		
Commercial paper:		
Fortis Funding LLC	$ 4,439,389	35.06%
December 31, 2011		
Restricted		
Commercial paper:		
Abbey National North America LLC	$ 2,633,707	18.64%
Intesa Funding LLC	1,806,224	12.79%

Credit risk. HPA does not have a formal policy that would limit its investment choices with regard to credit risk. HPA's money market funds and fixed income investments had the following level of exposure to credit risk:

December 31, 2012	Fair Value	Rating
Restricted		
Money market funds	$ 8,223,354	AAA
Commercial paper	4,439,389	A1
December 31, 2011	Fair Value	Rating
Restricted		
Money market funds	$ 9,687,628	AAA
Commercial paper	4,439,931	A1

Interest rate risk. HPA does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2012 and 2011, HPA's money market and fixed income investments have an average maturity of less than one year.

4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning of Year	Additions	Dispositions	End of Year
Capital assets, not being depreciated:				
Land	$ 6,939,212	$ -	$ -	$ 6,939,212
Construction-in-progress	486,490	2,257,234	-	2,743,724
Total capital assets, not being depreciated	7,425,702	2,257,234	-	9,682,936
Capital assets, being depreciated:				
Land improvements	127,922	-	-	127,922
Buildings and improvements	86,354,419	391,983	-	86,746,402
Furniture and fixtures	329,882	1,593	-	331,475
Machinery and equipment	2,410,493	38,102	-	2,448,595
Total capital assets, being depreciated	89,222,716	431,678	-	89,654,394
Less accumulated depreciation	(40,506,457)	(3,407,947)	-	(43,914,404)
Total capital assets, being depreciated, net	48,716,259	(2,976,269)	-	45,739,990
Capital assets, net	$ 56,141,961	$ (719,035)	$ -	$ 55,422,926

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning of Year	Additions/ Transfers In	Dispositions/ Transfers Out	End of Year
Capital assets, not being depreciated:				
Land	$ 6,939,212	$ -	$ -	$ 6,939,212
Construction-in-progress	931,559	60,893	(505,962)	486,490
Total capital assets, not being depreciated	7,870,771	60,893	(505,962)	7,425,702
Capital assets, being depreciated:				
Land improvements	127,922	-	-	127,922
Buildings and improvements	85,615,077	739,342	-	86,354,419
Furniture and fixtures	329,882	-	-	329,882
Machinery and equipment	2,347,332	63,161	-	2,410,493
Total capital assets, being depreciated	88,420,213	802,503	-	89,222,716
Less accumulated depreciation	(37,088,539)	(3,417,918)	-	(40,506,457)
Total capital assets, being depreciated, net	51,331,674	(2,615,415)	-	48,716,259
Capital assets, net	$ 59,202,445	$ (2,554,522)	$ (505,962)	$ 56,141,961

5. MANAGEMENT AND OPERATING RIGHTS

On October 15, 2000, HPA entered into an agreement with The Harrisburg Authority to assist in the development and operation of the parking facilities at the National Civil War Museum and to act as the sole and exclusive manager and operator of such parking facility through October 2024. In consideration for its appointment and designation as manager and operator of the parking facilities, HPA agreed to pay $2,850,000 to The Harrisburg Authority. The management and operating rights acquired by HPA are being amortized over the life of the agreement. Amortization of the rights for the years ended December 31, 2012 and 2011 totaled $118,750.

6. Bonds and Notes Payable

At December 31, bonds and notes payable consist of the following:

	2012	2011
Series K Note dated June 1, 2000:		
Variable rate term notes due December 1, 2023 (.20% at December 31, 2012) (approximately BMA)	$ 2,900,000	$ 2,900,000
Variable rate term notes due December 1, 2024 (.20% at December 31, 2012) (approximately BMA)	8,900,000	8,900,000
	11,800,000	11,800,000
Series J Bonds dated September 1, 2001:		
2.80% to 5.125% Bonds due serially from September 1, 2003 to September 1, 2022 in annual installments ranging from $5,000 to $4,835,000	25,930,000	26,660,000
Series N Bonds dated October 28, 2003:		
2.50% to 4.30% Bonds due serially from November 15, 2004 to November 15, 2016 in annual installments ranging from $485,000 to $730,000	2,825,000	3,470,000
Series O Bonds dated November 18, 2003:		
1.50% to 5.25% Bonds due serially from August 1, 2004 to August 1, 2016 in annual installments ranging from $735,000 to $2,770,000	6,680,000	7,865,000
Series P Bonds dated July 15, 2005:		
3.30% to 5.25% Bonds due serially from September 1, 2007 to September 1, 2027 in annual installments ranging from $5,000 to $4,850,000	12,340,000	12,400,000
5.70% Bonds due serially from September 1, 2023 to September 1, 2025 in annual installments ranging from $365,000 to $2,810,000	4,110,000	4,110,000
	16,450,000	16,510,000
Series R Bonds dated January 11, 2007:		
3.60% to 5.00% Bonds due serially from May 15, 2010 to May 15, 2036 in annual installments ranging from $340,000 to $1,065,000	15,905,000	16,270,000

	2012	2011
Continued:		
Series T Bonds dated December 15, 2007:		
3.50% to 4.50% Bonds due serially from May 15, 2009 to May 15, 2030 in annual installments ranging from $480,000 to $1,360,000	17,300,000	17,980,000
Series U Bonds dated September 14, 2011:		
8.50% Bonds due serially from March 1, 2016 to March 1, 2026 in annual installments ranging from $395,000 to $1,160,000	7,885,000	7,885,000
10.75% Bonds due serially from March 1, 2016 to March 1, 2026 in annual installments ranging from $105,000 to $315,000	2,135,000	2,135,000
10.75% Bonds due serially from March 1, 2016 to March 1, 2026 in annual installments ranging from $30,000 to $90,000	625,000	625,000
	10,645,000	10,645,000
Total Debt	107,535,000	111,200,000
Plus (less):		
Amortized debt premium (discount)	170,040	218,172
Deferred loss on refunding	(2,648,509)	(3,027,063)
Current portion	(3,805,000)	(3,665,000)
	(6,283,469)	(6,473,891)
Long-term portion	$ 101,251,531	$ 104,726,109

On March 16, 1994, HPA issued the "Harrisburg Parking Authority Federally Taxable Guaranteed Parking Revenue Refunding Bonds, Series G of 1994" (Series G Bonds) and the "Harrisburg Parking Authority Tax-Exempt Guaranteed Parking Revenue Refunding Bonds, Series H of 1994" (Series H Bonds) in the aggregate principal amount of $26,860,000 (plus accrued interest of $122,550 less an original issue discount of $475,176) with interest rates ranging from 4.00% to 6.55% to advance refund $24,045,000 of outstanding Series C, D, and E Bonds with interest rates ranging from 5.00% to 7.00%. The net proceeds of $25,535,783 (after payment of $837,655 in issuance costs and deposit of $11,386 to the Debt Service Reserve Fund for the series G and H Debt Service Accounts), were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series C, D, and E Bonds. As a result, the Series C, D, and E Bonds are considered to be defeased and the liability for those bonds has been removed from HPA's balance sheet. At December 31, 2012, no Series C, D, or E Bonds remained outstanding.

The debt service requirements for Series F Bonds were payable solely from and secured by a pledge of (1) all the right, title, and interest of HPA in and to the Fund, (2) all amounts on deposit and investment securities in any fund or account established under the related bond indenture, (3) guaranty by the City, and (4) a municipal bond insurance policy. Amounts on deposit in the Fund are to be transferred to the Debt Service Fund created under the bond indenture and used to make required debt service payments on the Series F Bonds. These Bonds have been defeased through the issuance of "Harrisburg Parking Authority Guaranteed Parking Revenue Refunding Bonds, Series N of 2003."

Debt service on the Series G and Series H Bonds was payable from certain Capital Replacement Reserve Funds held by HPA as established under the Cooperation Agreement.

The Series G and Series H Bonds were also secured by a pledge of (1) all amounts on deposit and investment securities in any fund established under the related bond indenture, (2) the City's guaranty, and (3) a municipal bond insurance policy. The annual payment of debt service on the Series G and Series H Bonds is subordinated to provision of funds to cover 130% of the debt service on HPA Series F Bonds. The Series H Bonds have been defeased through the issuance of "Guaranteed Parking Revenue Bonds, Series O of 2003."

In 1998, HPA issued the "Guaranteed Parking Revenue Bonds, Series I of 1998" (Series I Bonds) in the aggregate principal amount of $25,800,000 (less an original issue discount of $635,978) with interest rates ranging from 4.50% to 6.15% to provide for the acquisition, design, development, and construction of three parking garages, provide for the funding of a debt service reserve fund under the HPA indenture and the payment of the costs of issuing the Bonds. These Bonds have been defeased through the issuance of "Guaranteed Parking Revenue Bonds, Series J of 2001."

In 2000, HPA issued the "Guaranteed Parking Revenue Note, Series K of 2000" (Series K Notes) in the aggregate principal amount of $11,800,000 with a variable interest rate to provide funding for the costs of completing the acquisition, design, development, construction, and equipping of three parking garages; certain costs of acquiring, constructing, and equipping miscellaneous capital additions of HPA's parking facilities and parking system; debt service reserve funds under a third supplemental indenture of the City of York General Authority and fund capitalized interest on the Series K Note; and paying the costs of issuing HPA's Series K Notes. In order to minimize the risk of interest rate fluctuations, HPA has entered into an interest rate cap agreement, the term of which will run from June 1, 2000 through and including October 1, 2024. The maximum rate under this agreement is 8.0% annually.

In 2001, HPA issued the "Guaranteed Parking Revenue Bonds, Series J of 2001" (Series J Bonds) in the aggregate principal amount of $29,400,000 (plus an original issue premium of $174,804 and accrued interest of $71,090) with interest rates ranging from 2.80% to 5.125%

to advance refund $25,785,000 of Outstanding Series I Bonds with interest rates ranging from 4.50% to 6.15%. The net proceeds of $28,626,025 (after payment of $622,136 in issuance costs and deposits of $347,251 to the Debt Service Reserve Fund for the Series J Bonds and $50,842 to the Series J Debt Service Account), were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series I Bonds. As a result, the Series I Bonds are considered to be defeased and the liability for those bonds has been removed from HPA's balance sheet. As of December 31, 2012, no Series I Bonds remained outstanding.

In November 2010, HPA received notice that, based upon the City's statements in the Act 47 Petition, the bond insurer concluded that an Event of Default occurred under Section 10.01(c)(ii) of the Indenture as of October 1, 2010 (the date the Act 47 Petition was filed by the City) by declaring in writing its inability to pay when due its debts generally as they become due. The bond insurer informed the trustee that under Section 7.03 of the Indenture, such Event of Default allows the insurer to control all available remedies with respect to the Series J Bonds and directs the trustee to refrain from exercising any remedies or taking any other actions with respect to the Series J Bonds unless and until directed in writing by the insurer.

In 2001, HPA issued the "Guaranteed Parking Revenue Bonds, Series 2001" in the aggregate principal amount of $19,500,000 (less an original issue discount of $37,590) with interest rates ranging from 3.00% to 5.75% to provide for the acquisition of the Seventh Street Garage; funding of a debt service reserve fund under the HPA indenture; and the payment of the costs of issuing bonds. These Bonds have been defeased through the issuance of "Guaranteed Parking Revenue Bonds, Series T of 2007."

In 2003, HPA issued the "Harrisburg Parking Authority Guaranteed Parking Revenue Refunding Bonds, Series N of 2003" (Series N Bonds) principal amount of $7,905,000 (plus accrued interest of $10,051 plus an original issue premium of $98,721) with interest rates ranging from 2.50% to 4.30% to advance refund $7,400,000 of outstanding Series F Bonds. The net proceeds of $7,024,776 (after payment of $267,997 in issuance costs and $982,000 to fund the termination amount to terminate a forward interest swap agreement relating to the Series N Bonds), were used to currently refund HPA's Guaranteed Parking Revenue Refunding Bonds, Series F of 1993, establish the necessary reserves under the Indenture, and payment of the costs and expenses associated with the issuance of the Series N Bonds. As a result, the Series F Bonds are considered to be defeased and the liability for those Bonds has been removed from HPA's balance sheet. At December 31, 2012, no Series F Bonds remained outstanding.

In 2003, HPA issued the "Harrisburg Parking Authority Guaranteed Parking Revenue Refunding Bonds, Series O of 2003" (Series O Bonds) principal amount of $17,780,000 (plus accrued interest of $5,442 plus an original issue premium of $691,189) with interest rates ranging from 1.50% to 5.25% to advance refund $17,350,000 of outstanding Series H Bonds. The net proceeds of $18,316,612 (after payment of $460,990 in issuance costs and deposits of $1,778,000 to the Series O Debt Service Reserve Fund) together with $1,491,883 from various Series H trust accounts and additional funds of $252,000 from HPA were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all debt service payments on the Series H Bonds. As a result, the Series H Bonds are considered to be defeased and the liability for those Bonds has been removed from HPA's balance sheet. As of December 31, 2012, no Series H Bonds remain outstanding.

In 2005, HPA issued the "Harrisburg Parking Authority Guaranteed Parking Revenue Bonds, Series P of 2005" (Series P Bonds) in the aggregate principal amount of $16,630,000 (plus an original issue premium of $506,664) with interest rates ranging from 3.30% to 5.70% to provide for the acquisition and construction of the South Street Garage; funding of a debt service reserve fund under the HPA indenture; and the payment of the costs of issuing the bonds.

In 2007, HPA issued the "Harrisburg Parking Authority Guaranteed Parking Revenue Bonds, Series R of 2007" (Series R Bonds) in the aggregate principal amount of $16,695,000 (less an original issue discount of $98,959) with interest rates ranging from 3.60% to 5.00% to provide for the acquisition of a parking condominium, as described in Note 10; funding of a debt service reserve fund under the HPA indenture; and the payment of the costs of issuing the Bonds.

In 2007, HPA issued the "Harrisburg Parking Authority Parking Revenue Refunding Bonds, Series T of 2007" (Series T Bonds) principal amount of $19,890,000 (plus accrued interest of $6,783 less an original issue discount of $365,066) with interest rates ranging from 3.50% to 4.50% to advance refund $17,090,000 of outstanding Guaranteed Parking Revenue Bonds, Series 2001 Bonds (Series 2001). The net proceeds of $18,158,129 (after payment of $1,174,687 in issuance costs and deposits of $1,418,976 to the Series T Debt Service Reserve Fund) together with $1,456,945 from the Series 2001 Debt Service Reserve Fund trust account were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all debt service payments on the Series 2001 Bonds. As a result, the Series 2001 Bonds are considered to be defeased and the liability for those Bonds has been removed from HPA's balance sheet. As of December 31, 2012 and 2011, respectively, zero and $14,725,000 of Series 2001 Bonds remained outstanding.

In January 2011, HPA received notice that the rating of Series T Bonds has been downgraded to Ba3 from Baa2 by Moody's Investors Service. Per Moody's disclosure, such a rating downgrade was due to the City filing for Act 47, as mentioned previously.

In September 2011, HPA issued the "Harrisburg Parking Authority Tax Convertible Parking Revenue Bonds, Series U of 2011" (Series U Bonds) principal amount of $10,645,000 (less an original issue discount of $212,900) with an interest rate of 10.75% during the Federally Taxable Period, to provide for the financing of certain improvements to the Walnut Street Garage, including reimbursement of certain costs paid by HPA; financing of certain change orders to the Harrisburg University Garage; prepaying of rent for an extension of the lease for the Walnut Street Garage, Chestnut Street Garage, and Fifth Street Garage; and paying the costs of issuing the bonds. Series U Bonds are collectively comprised of three subseries; "Series U-1 Bonds" principal amount of $7,885,000, "Series U-2 Bonds" principal amount of $2,135,000, and "Series U-3 Bonds" principal amount of $625,000. In February 2012, the Series U-1 Bonds converted from a 10.75% interest rate to a federally tax-exempt obligation rate of 8.50%.

As noted, the City has guaranteed the payment of debt service on a majority of HPA's bonds and notes pursuant to certain Guaranty Agreements. Concurrent with the execution of the Guaranty Agreements, HPA also executed certain Reimbursement Agreements with the City, whereby HPA agreed to reimburse the City for any payments made by the City under the aforementioned Guaranty Agreements.

HPA bond indentures contain financial and reporting covenants. During the year ended December 31, 2010, HPA was unable to meet Series R Bonds debt covenant requirement 6.05, which states that HPA shall maintain in the Series R Debt Service Reserve Fund moneys and investments with a value equal to the Debt Service Reserve Requirement with respect to the Series R Bonds. The covenant also requires any deficiency in the Series R Debt Service Reserve Fund to be replenished within 12 months of HPA's receipt of the notification of the deficiency. On May 17, 2010, $547,494 was withdrawn from the Debt Service Reserve Fund in order to meet the May 2010 debt service payment. Beginning in June 2010, HPA made monthly transfers of $45,625, in an effort to replenish the Debt Service Reserve Fund within the required 12 months. The replenishments for the months of November 2010 through March 2011 were made in March 2011. As of December 31, 2010, $319,369 of the May 2010 transfer remained due to the Debt Service Reserve Fund. On November 15, 2010, $371,388 was withdrawn from the Debt Service Reserve Fund in order to meet the November 2010 debt service payment. As of December 31, 2010, the full balance of $371,388 remained due to the Debt Service Reserve Fund. The replenishments for the months of December 2010 through March 2011 were made in March 2011.

At December 31, 2011, HPA was unable to meet Series R Bonds debt covenant requirement 6.05. On May 16, 2011, $523,464 was withdrawn from the Debt Service Reserve Fund in order to meet the May 2011 debt service payment. Beginning in June 2011, HPA made monthly transfers of $74,572, in an effort to replenish the Debt Service Reserve Fund within the required 12 months. As of December 31, 2011, $217,979 of the May 2011 transfer remained due to the Debt Service Reserve Fund. Transfers of $43,600 and $174,379 were made in January 2012 to fully replenish the Debt Service Reserve Fund. As a result of the deficiency in the Debt Service Reserve Fund, HPA was unable to withdraw funds for the November 2011 debt service payment. On November 14, 2011, $574,454 was transferred from HPA's other available funds in order to meet the November 2011 debt service payment. As a result of the deficiency in the Debt Service Reserve Fund, HPA was unable to withdraw funds for the May and November 2012 debt service payments. During the year ended December 31, 2012, $547,454 and $548,293 were transferred from HPA's other available funds on May 15, 2012 and November 14, 2012, respectively, in order to make the May and November 2012 debt service payments.

On July 10, 2012, The Bank of New York Mellon Trust Company, N.A. (Trustee), as successor trustee with respect to the Series J Bonds, the Series O Bonds, the Series P Bonds, and the Series R Bonds, provided notice to holders of the Series J Bonds, the Series O Bonds, the Series P Bonds, and the Series R Bonds, of the occurrence of an Event of Default. The Trustee found that an Event of Default has occurred by reason of the City's admitting in writing that it is unable to pay its debts as they generally become due as evidenced by, inter alia, the City's admission that it was unable to pay, on March 15, 2012, the debt service payment due on certain of its general obligation debt issues which became due and payable on that date. The Trustee notified the holders that the bond insurance policies guaranteeing the scheduled payment of principal of and interest on the Series J Bonds, the Series O Bonds, the Series P Bonds, and the Series R Bonds remain in full force and effect, and that, as long as each bond insurance policy remains in effect with respect to a series of Bonds, and the bond insurer for such series is not in default thereunder, neither the Trustee nor the Registered Owners have any rights to exercise an remedies respecting the series of Bonds upon the occurrence of an Event of Default, and the bond insurer has the right to direct the Trustee to exercise such remedies as it may deem appropriate and are otherwise permitted under the indenture governing bonds.

Further notice is given that National Public Finance Guarantee Corporation (National), as bond insurer for the Series J Bonds, has asserted in a letter to the Trustee that National will control all available remedies with respect to the Series J Bonds and directed the Trustee to refrain from exercising any remedies or taking other actions with respect to the Series J Bonds, unless and until directed in writing by National. The bond insurers for the Series O Bonds, the Series P Bonds, and the Series R Bonds have not communicated with HPA or, to HPA's knowledge, with the Trustee with respect to the Event of Default.

To date, there has been no default by HPA on the payment of principal of or interest on the Series J bonds, the Series O Bonds, the Series P Bonds, or the Series R Bonds when due; consequently, the Trustee has not been required to notify the City of any payment to be made by the City under the City's guaranty. HPA does not expect that the City's financial difficulties will negatively impact its ability to meet its obligations. Because National has not disclosed what remedies, if any, it will direct, however, no assurances can be given that such remedies will not prevent HPA from paying its debt obligations in the future.

Long-term liability activity for the year ended December 31, 2012 was as follows:

	Beginning of Year	Additions	Amortization	Retirements	End of Year	Current Portion
Notes and bonds payable	$111,200,000	$ -	$ -	$ (3,665,000)	$107,535,000	$ 3,805,000
Less:						
Deferred loss on refunding	(3,027,063)	-	378,554	-	(2,648,509)	-
Unamortized premium (discount)	218,172	-	(48,132)	-	170,040	-
Long-term liabilities	$108,391,109	$ -	$ 330,422	$ (3,665,000)	$105,056,531	$ 3,805,000

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Beginning of Year	Additions	Amortization	Retirements	End of Year	Current Portion
Notes and bonds payable	$104,080,000	$ 10,645,000	$ -	$ (3,525,000)	$111,200,000	$ 3,665,000
Less:						
Deferred loss on refunding	(3,419,641)	-	392,578	-	(3,027,063)	-
Unamortized premium (discount)	504,790	(212,900)	(73,718)	-	218,172	-
Long-term liabilities	$101,165,149	$ 10,432,100	$ 318,860	$ (3,525,000)	$108,391,109	$ 3,665,000

Debt service requirements, including interest, subsequent to December 31, 2012 are as follows:

	Principal	Interest	Total
2013	$ 3,805,000	$ 5,023,602	$ 8,828,602
2014	3,975,000	4,855,799	8,830,799
2015	4,185,000	4,680,811	8,865,811
2016	6,250,000	4,468,385	10,718,385
2017	5,155,000	4,150,861	9,305,861
2018-2022	34,635,000	16,282,064	50,917,064
2023-2027	38,325,000	7,804,541	46,129,541
2028-2032	7,215,000	1,547,663	8,762,663
2033-2036	3,990,000	369,225	4,359,225
	$ 107,535,000	$ 49,182,951	$ 156,717,951

7. Pension Plan

HPA is the sponsor of a defined contribution plan, called the Parking Authority of the City of Harrisburg Retirement Plan (Plan), which covers substantially all full-time employees who are 18 years of age or older and have completed one year of service. Employees may elect to have the employer defer a portion of their compensation, subject to certain maximum limitations, and contribute such amount to the Plan.

Contributions to the Plan are made by HPA at its discretion, based on a percentage of the covered employee's compensation. Employees' vesting percentages in such contributions are based on total years of service. Contributions by HPA totaled $96,889 and $65,409 for the years ended December 31, 2012 and 2011, respectively, and were based on covered compensation of $1,308,649 and $1,344,068, compared to total compensation of $2,262,106 and $2,109,104. These contributions represented approximately 7.4% and 4.9% of covered payroll for the years ended December 31, 2012 and 2011, respectively. Employee contributions totaled $50,310 and $61,792 for the years ended December 31, 2012 and 2011, respectively. These contributions represented 3.8% and 4.6% of covered payroll, respectively. Pension costs are expensed as funded.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions:

In addition to the pension benefits described in Note 7, HPA has two single-employer, defined benefit OPEB plans covering substantially all of its employees. The plans' benefit provisions and all other requirements are established by collective bargaining agreements and Board of Directors (Board) approval.

Collective bargaining agreements, which require Board approval, are the authority under which benefit provisions are established or may be amended.

Management OPEB Plan:

Benefits are payable for management employees who retire at the later of attainment of age 55 and completion of 7 years of service. Eligible management employees and spouses may elect medical, prescription drug, dental, and vision coverage. If the management employee has completed 25 years of service prior to retirement, HPA will pay 100% of the medical and prescription drug premiums for the employee and spouse. All eligible management employees and spouses may continue coverage for life. Upon reaching Medicare age, the management employee and spouse must move to the Medicare Supplement plan provided. Upon the death of a retired employee, the spouse may continue coverage.

If a management employee has completed 25 years of service prior to retirement, HPA provides the retired management employee with a $5,000 paid up life insurance policy.

AFSCME OPEB Plan:

Benefits are payable to AFSCME employees who retire at the later of attainment of age 55 and completion of 7 years of service. Eligible AFSCME employees and spouses may elect medical, prescription drug, dental, and vision coverage. If the AFSCME employee has completed 25 years of service prior to retirement, HPA will pay 25% of all premiums for the employee and spouse. All eligible AFSCME employees and spouses may continue coverage for life. Upon reaching Medicare age, the employee and spouse must move to the Medicare Supplement plan provided. Upon the death of a retired employee, the spouse may continue coverage.

Funding Policy and Annual OPEB Costs

HPA's contribution is based on projected pay-as-you-go financing requirements. For the years ended December 31, 2012 and 2011, HPA contributed $0 to the Management and AFSCME OPEB plans.

Collective bargaining agreements, which require Board approval for establishment or amendments, are the authority that obligates HPA to contribute to the plans.

HPA's annual OPEB costs (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Information as of the latest actuarial valuation follows:

	Management OPEB Plan	AFSCME OPEB Plan
Valuation date	1/1/2009	1/1/2009
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions		
Interest rate	4.5%	4.5%
Salary increases	4.0%	4.0%
Medical inflation	8% in 2009, decreasing by .5% per year to 5.5% in 2014. Rates gradually decrease from 5.3% in 2015 to 4.2% in 2099.	8% in 2009, decreasing by .5% per year to 5.5% in 2014. Rates gradually decrease from 5.3% in 2015 to 4.2% in 2099.
Amortization period	30 years	30 years
Amortization method	Level dollar, open period	Level dollar, open period

Annual OPEB Cost and Net OPEB Obligation

HPA's annual OPEB costs and net OPEB obligations to the plans for the year ended December 31, 2012 were as follows:

	Management OPEB Plan	AFSCME OPEB Plan
Annual required contribution	$ 101,309	$ 81,857
Estimated interest on Net OPEB obligation	9,043	7,307
Estimated adjustment to ARC	(12,337)	(9,968)
Annual OPEB cost	98,015	79,196
Contribution made	-	-
Change in Net OPEB obligation	98,015	79,196
Net OPEB obligation, January 1, 2012	298,972	241,569
Net OPEB obligation, December 31, 2012	$ 396,987	$ 320,765

HPA's annual OPEB costs and net OPEB obligations to the plans for the year ended December 31, 2011 were as follows:

	Management OPEB Plan	AFSCME OPEB Plan
Annual required contribution	$ 101,309	$ 81,857
Estimated interest on Net OPEB obligation	9,044	7,308
Estimated adjustment to ARC	(12,337)	(9,968)
Annual OPEB cost	98,016	79,197
Contribution made	-	-
Change in Net OPEB obligation	98,016	79,197
Net OPEB obligation, January 1, 2011	200,956	162,372
Net OPEB obligation, December 31, 2011	$ 298,972	$ 241,569

Three-Year Trend Information:

	Year	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
Management OPEB Plan:	2012	$ 98,015	0%	$ 396,987
	2011	98,016	0%	298,972
	2010	99,647	0%	200,956
AFSCME OPEB Plan:	2012	$ 79,196	0%	$ 320,765
	2011	79,197	0%	241,569
	2010	80,515	0%	162,372

Funded Status and Schedule of Funding Progress:

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
Management OPEB Plan:						
1/1/2009	$ -	$ 826,788	$ 826,788	0.00%	$ 301,132	274.56%
AFSCME OPEB Plan:						
1/1/2009	$ -	$ 476,858	$ 476,858	0.00%	$ 1,324,429	36.00%

9. Debt Service Reserve Fund Forward Purchase Agreements

In February 2000, HPA entered into (i) a debt service reserve fund forward purchase agreement with Lehman for investment of monies in the Series F Debt Service Reserve Account securing the Series F Bonds, (ii) a debt service reserve forward delivery agreement with Bank of America, N.A. (BofA) for the investment of monies in the Series G and H Debt Service Reserve Fund securing HPA's Series G Bonds and Series H Bonds, and (iii) a debt service reserve forward delivery agreement with BofA for the Series I Debt Service Reserve Fund securing the Series I Bonds. HPA received fees of $68,584, $280,000, and $210,000, respectively, when it entered into the agreements. In September 2001, HPA refunded the Series I Bonds with its Series J Bonds, and the Series I debt reserve fund agreement was amended to apply to the Series J Debt Service Reserve Account securing HPA's Series J Bonds. Similarly, the Series G and H debt reserve fund agreement was amended to apply to the Series O Bonds issued to refund or otherwise retire the Series G and H Bonds. In connection with that November 2003 amendment, BofA paid HPA an additional fee of $252,000. The Series F debt reserve fund agreement was amended in February 2004 to apply to the debt service reserve fund securing the Series N Bonds issued to refund the Series F Bonds. The deferred revenue is being amortized over the respective life of the agreement under a method that approximates the interest method. Amortization for the years ended December 31, 2012 and 2011 totaled $36,033 and $40,329, respectively.

10. Commitments and Related Party Transactions

HPA has entered into a parking garage lease with Third and Walnut Inc. (TWI) whereby HPA agreed to lease and allocate up to 277 parking spaces within the Walnut Street Garage and/or the Locust Street Garage to TWI for use by the occupants of a commercial office building (Project). Under the terms of the agreement, the parking spaces will be available through the year 2015. TWI has the option to extend the term of the lease for an additional 25 years and, at the end of such 25 years, for an additional 10-year period. In consideration for TWI's use of such parking spaces, TWI was required to pay HPA the current market rate for a portion of the 277 spaces and below market rates for the remaining spaces through

2001. Beginning in 2001 and continuing until termination of the existing lease, TWI is paying HPA the current market rate for the use of the 277 spaces.

On June 30, 1995, HPA entered into an Amended and Restated Market Square Hotel Project Parking Agreement with Harrisburg Hotel Associates (HHA), the City, HRA, HDC, and Richfield Hospitality Services, Inc. to amend and restate the existing parking agreement dated September 29, 1988. Under this agreement, which was effective February 1, 1995, HHA shall pay to HPA a monthly amount equal to $1.67 times the total number of garage exits by hotel patrons parking in the Walnut Street Garage for such given month. This rate of $1.67 was in effect through December 31, 1996. Beginning January 1, 1997, and annually on each January 1 thereafter, the cost per garage exit is to be increased subject to certain provision in the agreement, based on the annual percentage increase in the Consumer Price Index. Additionally, HHA is permitted to use other HPA parking facilities for its hotel patrons under this agreement and shall pay HPA the existing unit cost for each garage exit up to 600 exits per year. Any exits in excess of 600 will be charged at two times the unit cost. The rates under this agreement are below current market rates for HPA garages.

In connection with an office building lease between HDC and the Commonwealth of Pennsylvania (Commonwealth), HDC entered into an agreement with the Commonwealth whereby HDC agreed to provide 1,500 off-street parking spaces for the use of the Commonwealth. The rental paid by the Commonwealth for these spaces is the annual amount required to amortize the HDC bonds, including interest, used to finance the total allowance costs of the parking facilities, plus annual operating and administrative costs determined on a per parking space basis, times the number of spaces used by the Commonwealth, but not less than 1,500 spaces. On December 31, 1991, this agreement with the Commonwealth was assigned by HDC to HPA in connection with HPA's acquisition of certain garages from HDC.

On January 11, 2007, HPA entered into an agreement with Harrisburg University of Science and Technology (University), whereby HPA intends to purchase a condominium unit in a building constructed by the University. The condominium unit consists of seven floors of parking facilities, which includes approximately 392 parking spaces. The total purchase price of this unit is $14,000,000, which was financed through the issuance of the Guaranteed Parking Revenue Bonds, Series R of 2007. The agreement required an earnest money deposit in the amount of $100,000 payable upon execution of the agreement and twenty-four equal monthly payments of $579,167, commencing January 2007. As of December 31, 2012 and 2011, $12,880,460 and $13,440,480 represents HPA's portion of equitable ownership interest in the property. All required payments have been made as of December 31, 2012 and 2011. The equitable ownership interest is being amortized over the remaining life of the Series R of 2007 Bonds.

In addition to the aforementioned agreement, HPA also entered into an Option to Purchase agreement with the University on January 11, 2007, whereby HPA agrees to lease three hundred parking permits to the University for the right to park in the condominium unit. The agreement commenced when the construction of the garage was complete and when the legal title to the parking units has been conveyed to HPA. The first years rent for the leased spaces was the fair market rate, multiplied by 300 for parking spaces located within the central business district parking garages owned and operated in the City by HPA. HPA also grants the University a total of five options to purchase the parking units, the first option commencing on January 11, 2017, and the remaining options commencing on each succeeding five-year anniversary date. The options are exercisable with at least six months' advance written notice by the University to HPA. The period of this agreement is thirty years.

During 2012 and 2011, HPA entered into construction contracts in the amount of $3,098,310 for the Walnut Street Garage maintenance project and the Chestnut Street Garage maintenance project. As of December 31, 2012, the amount of $706,792 is the commitment remaining on these construction contracts.

11. LITIGATION

HPA is involved in several lawsuits arising in the normal course of business. Management believes that none of the litigation outstanding against HPA will have a material adverse effect on the financial position of HPA at December 31, 2012.

12. SETTLEMENT AWARDS

During the year ended December 31, 2012, HPA received a settlement award from BofA in the amount of $252,239 pursuant to an out-of-court settlement between BofA and 28 State Attorneys General, in which BofA agreed to pay certain of its derivatives counterparties an amount specified in the agreement.

During the year ended December 31, 2011, HPA received a settlement award from JPMorgan Chase Bank, N.A. (JPMorgan) in the amount of $375,900 pursuant to an agreement between JPMorgan and the Office of the Comptroller of the Currency in which JPMorgan without admitting or denying liability, agreed to pay certain of its derivatives counterparties an amount specified in the agreement.

13. CONTINGENCY

On January 27, 2010, HPA filed a material event notice. A portion of the funds derived from the Series R Bonds are being used by HPA to acquire a condominium unit in a building constructed by Harrisburg University (University). The condominium unit consists of seven floors of parking facilities, which includes approximately 392 parking spaces. Under the parking license, in any year in which revenues from operation of the parking facility fail to meet HPA's debt service requirements on the Series R Bonds and the operation and maintenance costs of the parking facility, the University is required to pay the difference up to an annual cap (HU Subsidy) to HPA.

Under the Indenture, HPA agreed to pay debt service on the Series R Bonds from a debt service account funded, in part, with revenues of the parking facility, including the HU Subsidy and other payments to be made by the University under the parking license. In the event of a shortfall in the debt service account, HPA agreed to pay debt service from a debt service reserve account.

Despite demand, the University failed to make the first payment of the HU Subsidy on or before November 10, 2009, as required by the parking license. To avoid a draw on the debt service reserve account to make the debt service payment on November 15, 2009, HPA deposited money from other available funds into the debt service account. During the years ended December 31, 2011 and 2010, the University failed to make any payments of the HU Subsidy, as required by the parking license. As mentioned in Note 6, HPA withdrew a total of $523,464 from the Debt Service Reserve Account during the year ended December 31, 2011 in order to make the debt service payment on May 15, 2011. HPA transferred $574,454 from other available funds in order to make the debt service payment on November 15, 2011. During the year ended December 31, 2012, the University failed to make the payment of the HU Subsidy on or before May 10, 2012, as required by the parking license. As a result, there were insufficient funds in the debt service account to make the debt service payment due May 15, 2012. A total payment of $729,954 was due to the bondholders on May 15, 2012, and such amount was transferred by the Trustee to the debt service account from other available funds of HPA. The University failed to make the payment of the HU Subsidy on or before November 10, 2012, as required by the parking license. As a result, there were insufficient funds in the debt service account to make the debt service payment due November 15, 2012. A total payment of $358,293 was due to the bondholders on November 15, 2012, and such amount was transferred by the Trustee to the debt service account from other available funds of HPA. The University failed to make the payment of the HU Subsidy on or before May 10, 2013, as required by the parking license. As a result, HPA believes there will be insufficient funds in the debt service account to make the debt service payment due May 15, 2013. A total payment of $738,293 will be due to the bondholders on May 15, 2013, and it is anticipated that such amount will need to be transferred by the Trustee to the debt service account from other available funds of HPA. If the University fails to make future debt service payments on the Series R Bonds, the debt service payments will continue to be paid from other available funds of HPA. As of December 31, 2012, settlement regarding the amount of the HU Subsidy is pending.

On March 3, 2010, HPA commenced a civil action against the University in the Court of Common Pleas of Dauphin County, Pennsylvania. HPA sought specific performance of an agreement to purchase a parking garage from the University. HPA also sought reformation of a related contract with the University to which a mistaken exhibit had been attached. HPA also sued the University for nonpayment of a contractual subsidy obligation in the amount of $778,919, and a rent obligation in the amount of $39,000, both of which obligations continued to accrue. The University countersued HPA for nonpayment of change orders in the amount of $723,026 and for failing to use its best efforts to lease unused University parking spaces. The pleadings are closed and no significant discovery has been conducted. The University has paid monthly parking fees since the lawsuit was commenced and is currently approximately one month in arrears. The parties have conducted settlement negotiations as to the other claims. During the pendency of the lawsuit and the conduct of the settlement negotiations, HPA has operated the garage substantially as if it were the legal owner of the garage. At this point, no determination can be made whether an unfavorable outcome is either probable or remote to HPA, nor can an estimate of the possible loss in the event of an unfavorable outcome be determined.

Required Supplementary Information

HARRISBURG PARKING AUTHORITY

HISTORICAL OTHER POST-EMPLOYMENT BENEFITS INFORMATION

(REQUIRED SUPPLEMENTARY INFORMATION)

(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date,	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
Management OPEB Plan:						
1/1/2009	$ -	$ 826,788	$ 826,788	0.00%	$ 301,132	274.56%
AFSCME OPEB Plan:						
1/1/2009	$ -	$ 476,858	$ 476,858	0.00%	$ 1,324,429	36.00%

Note: Valuations as of 1/1/2009 represent the initial valuation of the plans.

SCHEDULE EMPLOYER CONTRIBUTIONS

	Annual Required Contribution	Percentage Contributed
Management OPEB Plan:		
2012	$ 101,309	0%
2011	101,309	0%
2010	101,309	0%
2009	101,309	0%
AFSCME OPEB Plan:		
2012	$ 81,857	0%
2011	81,857	0%
2010	81,857	0%
2009	81,857	0%

Note: 2009 was implementation year.

Information as of the latest actuarial valuation follows:

	Management OPEB Plan	AFSCME OPEB Plan
Valuation date	1/1/2009	1/1/2009
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Interest rate	4.50%	4.50%
Salary increases	4.00%	4.00%
Medical inflation	8% in 2009, decreasing by .5% per year to 5.5% in 2014. Rates gradually decrease from 5.3% in 2015 to 4.2% in 2099.	8% in 2009, decreasing by .5% per year to 5.5% in 2014. Rates gradually decrease from 5.3% in 2015 to 4.2% in 2099.
Amortization period	30 years	30 years
Amortization method	Level dollar, open period	Level dollar, open period

Supplementary Information

HARRISBURG PARKING AUTHORITY

CALCULATION OF PAYMENTS TO COORDINATED PARKING FUND

YEAR ENDED DECEMBER 31, 2012

	Admini-strative	City Lots	HPA Garages	Parking Meters	Total
Operating Revenues:					
Administration fees	$ 1,224,611	$ -	$ -	$ -	$ 1,224,611
Public parking revenue					
Monthly parking	-	131,598	8,064,468	-	8,196,066
Daily parking	-	66,305	2,629,776	-	2,696,081
Meter operations	-	-	-	1,107,223	1,107,223
State parking revenue	-	-	1,442,684	-	1,442,684
Other income	925	25,306	114,722	156	141,109
Total operating revenues	1,225,536	223,209	12,251,650	1,107,379	14,807,774
Operating Expenses:					
Salaries and fringe benefits	705,081	148,327	2,205,972	72,209	3,131,589
Repairs, maintenance, and supplies	111,980	10,854	291,055	10,606	424,495
Professional services	253,409	24,425	321,158	3,819	602,811
Insurance	15,708	13,428	157,980	4,496	191,612
Depreciation	57,455	-	-	-	57,455
Utilities	15,492	26,766	453,852	-	496,110
Real estate taxes	-	-	57,000	-	57,000
Rental	20,800	-	-	-	20,800
Other	44,675	1,395	19,980	93	66,143
Administrative fees	-	26,610	1,096,905	93,861	1,217,376
Total operating expenses	1,224,600	251,805	4,603,902	185,084	6,265,391
Operating Income (Loss)	936	(28,596)	7,647,748	922,295	8,542,383
Nonoperating Revenues (Expenses):					
Interest income	4,905	-	-	-	4,905
Interest expense	-	-	-	-	-
Transfer to the City of Harrisburg	-	-	-	-	-
Required payments from the coordinated parking fund	-	-	-	-	-
Total nonoperating revenues (expenses)	4,905	-	-	-	4,905
Income (loss) before contributions to capital replacement reserve accounts	5,841	(28,596)	7,647,748	922,295	8,547,288
Net loss of City Lots	-	28,596 *	-	-	28,596
Capital replacement reserve accounts	-	-	(2,479,068)	(88,913)	(2,567,981)
Transfer debt service	-	-	(2,083,970)	-	(2,083,970)
Operating account balances	5,841	-	3,084,710	833,382	3,923,933
Required Payments to Coordinated Parking Fund	$ (5,841)	$ -	$ (3,084,710)	$ (833,382)	$ (3,923,933)

* Net loss of City Lots in the amount of $28,596 is not included in the required payments to Coordinated Parking Fund